Public Laws / Bills / House / 107th Congress / 1st & 2nd Sessions / 2001-2002

107TH CONGRESS
2D SESSION

H. R. 4801

To amend the Internal Revenue Code of 1986 to provide a 100 percent deduction for the health insurance costs of individuals.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2002

Mr. CHABOT introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to provide a 100 percent deduction for the health insurance costs of individuals.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the " Health Insurance Affordability Act of 2002".

SEC. 2. DEDUCTION FOR QUALIFIED HEALTH INSURANCE COSTS OF EMPLOYEES AND SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to

additional itemized deductions) is amended by redesignating section 223 as section 224 and by inserting after section 222 the following new section:

"SEC. 223. COSTS OF QUALIFIED HEALTH INSURANCE.

"(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the amount paid during the taxable year for coverage for the taxpayer, his spouse, and dependents under qualified health insurance.

"(b) QUALIFIED HEALTH INSURANCE.—For purposes of this section, the term 'qualified health insurance' means insurance which constitutes medical care; except that such term shall not include any insurance if substantially all of its coverage is of excepted benefits described in section 9832(c).

"(c) SPECIAL RULES.—

"(1) COORDINATION WITH MEDICAL DEDUCTION, ETC.—Any amount paid by a taxpayer for insurance to which subsection (a) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 162(l) or 213(a).

"(2) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX PURPOSES.—The deduction allowable by reason of this section shall not be taken into

account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.".

(b) DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.—

(1) IN GENERAL.—Section 162(l)(1) of such Code (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

"(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents.".

(2) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) (relating to other coverage) is amended to read as follows: "Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.

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(c) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 of such Code is amended by inserting after paragraph (18) the following new paragraph:

"(19) COSTS OF QUALIFIED HEALTH INSURANCE.—The deduction allowed by section 223.".

(d) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following new items:

"Sec. 223. Costs of qualified health insurance.
"Sec. 224. Cross reference."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

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